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GENERAL

1. New British attitude on Berlin settlement--According to US Embassy London, the UK Government has become convinced there is no hope that the UN Committee of Neutral Experts will produce an acceptable solution of the Berlin currency problem and little hope that the Soviet blockade will be lifted in the foreseeable future. The Government has therefore decided to: (a) press for the consolidation of the western position in Germany as rapidly as possible; (b) approve the introduction on 10 March of the west mark as the sole currency in western Berlin; and (c) take steps to improve the British share of the airlift, which they realize may have to be continued indefinitely. The British are presently seeking French agreement regarding the introduction of the west mark.

S-TS

2. Iceland undecided on Atlantic Pact membership--US Minister Butrick in Reykjavik has learned from Iceland's Foreign Minister Benediktsson that the neutrality movement in Iceland has gained great impetus and Benediktsson is not now sure that Iceland wishes to participate in the pact. Butrick indicates that opposition to the pact has been expertly whipped up, principally by the Communists. He warns that there may be a bare possibility that Benediktsson is attempting to maneuver Iceland into a bargaining position.

S-TS

EUROPE

3. NETHERLANDS: Dutch Cabinet crisis over Indonesia--US Ambassador Baruch has been informed by Netherlands Foreign Minister Stikker that a Cabinet crisis has arisen because of Stikker's insistence that the Government stop "flouting the UN and approach the Indonesian problem realistically and cooperatively." In reporting that all the ministers have threatened to resign, Baruch comments that the situation looks like an "impasse."

CIA

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(CIA Comment: CIA believes that the fall of the Government is unlikely, although some Cabinet changes are possible. The collapse of the Government at this time would not result in any clarification of Dutch policy in Indonesia.)

THE AMERICAS

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4. ARGENTINA: Peron concerned over financial crisis - [redacted] following an 8 February meeting on the Argentine economic situation President Peron offered to resign but was "prevented" from doing so by his economic advisers. [redacted] the Argentine National Economic Council has been in almost continuous session over critical economic problems and express the belief that the increasing economic and political unrest may lead to a "major government shakeup." US Embassy Buenos Aires comments that even though the situation is tense and the administration is deeply concerned, there is little likelihood that Peron will resign.

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(CIA Comment: CIA concurs in the Embassy's estimate. Although the present crisis may bring a major reorganization and re-orientation of the Argentine Government, Peron's offer to resign was probably a gesture to force alignment behind his position on a major issue of economic policy.)

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